

Message Text

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ACTION NEA-10

INFO OCT-01 AF-06 ARA-06 EUR-12 EA-07 ISO-00 FEA-01

ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00

EB-07 FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05

OMB-01 PM-04 USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04

TRSE-00 PA-01 PRS-01 /123 W
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R 140635Z OCT 75

FM AMEMBASSY ABU DHABI

TO SECSTATE WASHDC 3422

INFO AMEMBASSY ALGIERS

USINT BAGHDAD

AMEMBASSY CARACAS

AMEMBASSY DOHA

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY TRIPOLI

AMEMBASSY TEHRAN

AMEMBASSY QUITO

AMEMBASSY LIBREVILLE

AMEMBASSY LONDON

AMEMBASSY VIENNA

USMISSION EC BRUSSELS

USMISSION OECD PARIS

C O N F I D E N T I A L ABU DHABI 2034

BEIRUT POUCH BAGHDAD

E.O. 11652: GDS

TAGS: ENRG, TC

SUBJ: UAE MINISTER OF PETROLEUM'S ACCOUNT OF VIENNA OPEC MEETING

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1. UAE MINISTER OF PETROLEUM OTAIBA GAVE ME FOLLOWING ACCOUNT

OF VIENNA OPEC MEETING DURING CONVERSATION WITH HIM OCTOBER 13.

2. WHEN MEETING OPENED HE FOUND MOST MEMBERS DIVIDED INTO TWO SHARPLY OPPOSED CAMPS: ON ONE SIDE SAUDIS AND ALGERIANS,

WHO HAD COORDINATED THEIR POSITION IN ADVANCE, ON OTHER, IN FAVOR OF MUCH HIGHER PRICE INCREASE, WAS "JUST ABOUT EVERYBODY ELSE." IN MIDDLE WERE KUWAIT, UAE AND VENEZUELA, WHO THROUGHOUT PROCEEDINGS APPLIED THEMSELVES TO FINDING COMPROMISE. POSITION OF QATAR IN CAMP OF PRICE MAXIMILISTS CAME AS UNPLEASANT SURPRISE TO YAMANI, WHO ALWAYS CONSIDERED QATARIS "TO BE IN HIS POCKET." OTAIBA FOUND QATARIS SORE AT YAMANI'S HIGH-HANDED WAYS AND HIS FAILURE TO COORDINATE WITH THEM PRIOR TO MEETING.

3. SAUDI/ALGERIAN PROPOSAL OF 5 PERCENT INCREASE NOW AND 5 PERCENT IN DECEMBER TO BE FOLLOWED BY FREEZE THROUGH 1976 RECEIVED ABSOLUTELY NO SUPPORT FROM MAXIMALISTS. IRANIANS TABLED LENGTHY DOCUMENT SHOWING THAT COST OF OPEC IMPORTS HAD INFLATED IN PAST YEAR ON ORDER 30-40 PERCENT. OTAIBA TOOK FLOOR MAKING POINT THAT GOVERNMENTS HAD ALREADY COMPENSATED FOR INFLATION THROUGH RAISING TAX AND ROYALTY RATES LAST NOVEMBER, AND OTHERWISE URGING MODERATE OUTCOME. EVENTUALLY MAXIMALISTS COALESCED AROUND PROPOSAL FOR 20 PERCENT INCREASE THROUGH 1976. IN MEANTIME, ALGERIANS WERE GETTING RESTIVE ABOUT SAUDI UNWILLINGNESS TO MOVE AT ALL IN DIRECTION OF OTHERS. OTAIBA HAD EMOTIONAL MEETING WITH YAMANI DURING WHICH YAMANI CASTIGATED ALGERIANS FOR DESERTING HIM. AT THIS POINT YAMANI FLEW OFF TO LONDON TO TELEPHONE TAIF.

4. RETURNING, YAMANI TOLD OTHER MEMBERS HE HAD BEEN INSTRUCTED NOT TO GO BEYOND 5 PLUS 5 PROPOSAL, AND THAT IF REST OF OPEC DID NOT GO ALONG, SAUDI ARABIA WOULD REVERT TO FREEZE OF PRESENT PRICES. YAMANI THREATENED THAT IF FORCED TO GO IT ALONE IN THIS MANNER, SAUDI ARABIA WOULD PUT 12 MILLION BARRELS A DAY ON THE MARKET AND BUST THE REST OF OPEC. OTAIBA AND HIS KUWAITI COLLEAGUE ATTEMPTED TO REASON WITH HIM, ARGUING THAT SAUDI ARABIA IN ISOLATION FROM REST OF OPEC, OR EVEN IF JOINED IN ISOLATION BY SMALLER STATE LIKE UAE, WAS NOT SATISFACTORY OUTCOME. IN MEANTIME OTAIBA FLOATED COMPROMISE PROPOSAL OF 12 PERCENT INCREASE THROUGH 76, BUT THIS DID NOT FLY.

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5. WITH PROSPECT OF IMPASSE LOOMING LARGE, OTAIBA TELEPHONED SHAIKH ZAYID FOR INSTRUCTIONS. ZAYID REPORTEDLY TOLD HIM TO CONTINUE TO WORK FOR COMPROMISE THAT WOULD PRESERVE OPEC UNITY, BUT IF THIS PROVED IMPOSSIBLE, TO ANNOUNCE SOLIDARITY WITH SAUDIS. COMPROMISERS THEN PUT FORWARD 10 PERCENT THROUGH JUNE 1976 FORMULA, AND GOT COMMITMENT FROM IRAQ TO SUPPORT THIS. YAMANI, NOW UNDER INCREASING PRESSURE, AND APPARENTLY DECIDING HIS INSTRUCTIONS GAVE HIM SOME

LEEWAY, FINALLY AGREED TO THIS COMPROMISE.

6. OTAIBA COMMENTED THAT YAMANI, WHOM HE TERMED CLOSE PERSONAL FRIEND, SEEMS TO HAVE CHANGED IN LAST YEAR OR TWO. PREVIOUSLY SUBTLE AND DIPLOMATIC IN ACHIEVING HIS ENDS IN OPEC COUNCILS, HE NOW SEEMED TO FEEL THAT SAUDI POSITION OF STRENGTH WAS ALL HE NEEDED, AND WAS NO LONGER TAKING TROUBLE TO SUGARCOAT THE PILL. THESE STRONG-ARM TACTICS HAD TURNED SEVERAL DELEGATIONS OFF AND MADE SAUDI POSITION MORE DIFFICULT AT VIENNA. OTAIBA SPECULATED, WITHOUT GIVING ANY REASONS, THAT YAMANI'S DAYS AS OPR MINISTER MIGHT BE NUMBERED.
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